

Prepared Remarks of Acting FCC Chairwoman Mignon Clyburn

**New America Foundation
*Communications Safety Net:
How Lifeline Connects Families and Communities*
Washington, D.C.
September 12, 2013**

It is my pleasure joining you this morning to speak about an issue that I am passionate about -- ensuring all Americans, particularly low-income Americans, are connected. Thank you, Chanelle, for that warm introduction and for your partnership. Your devotion to empowering communities of color through education and economic development is an important part of consumer protection. We are grateful for your dedication to serving the public interest.

And thank you, Gene and the New America Foundation for hosting this event. Gene, you have been a leading consumer advocate for decades, especially in the area of access to affordable communications services and your influence continues to inspire many. The New America Foundation, the Leadership Conference on Civil and Human Rights, the National Hispanic Media Coalition, the National Consumer Law Center, Media Action Grassroots Network, and The United Church of Christ, OC, Inc. are all doing amazing work representing the interests of consumers, especially in low-income communities. Bringing advocates and policy makers together to discuss the importance of the Lifeline program to constituencies highlights how those who have depended on Lifeline use the program to stay connected to their families and engage with their communities.

Finally, Commissioner Sandoval, you've been a champion of consumer protection, pushing for fair practices in the telecommunications industry, now by

setting telecommunications and utilities policy for the State of California as a Commissioner. It's great seeing you.

A quick show of hands. How many of you have a cell phone? Now, how many of you will admit to checking it since I began my remarks? Shame on you.

My point is that, in a country where there are more mobile connections than people, most of us take communications services for granted. We expect to be able to place a call, or even get online, pretty much anytime, anywhere. It is sometimes easy to forget that there are millions of low-income consumers who simply cannot afford phone service. But there are. And the FCC's founding statute, and our shared belief in equal opportunity, requires that we never forget them.

And that is where Lifeline comes in. Congress affirmed, with the establishment of the Federal Communications Commission some 80 years ago, that universal access to communications technology is essential. This was asserted again in 1996, when a Republican-controlled Congress and Democratic president passed the 1996 Telecommunications Act, which stated that our goals would be – quote -- “the preservation and advancement of universal service,” for both traditional phone service, and advanced services, such as broadband communications. And Congress made clear that access to these services is a priority for all Americans, including low-income consumers.

During my tenure, we have not only embraced the core goal of enhancing and preserving the availability of voice service, we also have been steadfast in reforming and modernizing the Fund for the broadband reality of today, while remaining committed to eliminating inefficiencies as well as waste, fraud and abuse.

The Universal Service Fund's Lifeline program has been instrumental in increasing the number of low-income consumers with telephone access. By providing a modest monthly subsidy of less than \$10 per month to needy consumers, Lifeline has significantly increased the overall penetration rate for phone service in this nation.

And who gets these Lifeline subsidies?

People like a New Jersey man who used his service during Hurricane Sandy to contact fleeing family members, and an elderly woman who was stranded in the storm and used her wireless service to call for help; people like the mother in a homeless shelter who contacted doctors for her sick child, and the single father of two children, one with special needs, who uses his Lifeline phone to communicate, with his children's doctors and caregivers.

But Lifeline has been under attack as of late, and what the critics always fail to mention is what one major provider shared with us: That its most typical Lifeline customer, is a middle-aged grandmother, raising her grandchildren, on only \$12,000 per year.

In light of some of the recent criticism and -- I'll say it -- demagoguery of the Lifeline program, I think a brief history lesson, to dispel myths for supporters and critics of the program, deserves repeating.

I'll start with the most common misperception about Lifeline, which stems from its newly bestowed nickname: the "Obamaphone" program. Here's the truth.

The Lifeline program long predates the current administration. It was actually created during the Reagan administration, so let's give credit where credit is due. The Lifeline program is a legacy President Reagan could be proud of.

For in 1984, 80 percent of low-income households had telephone service, compared with 95 percent of non-low-income households. With Lifeline, that 15 percent gap was narrowed to four percent by 2012. As a result, the overall telephone penetration rate in the U.S. also has risen.

Those most vocal in their attacks on Lifeline assert that the Universal Service Fund is funding free cell phones for people who don't really need the service. This is an Urban Myth. Let me once again set the record straight. First, the program does not support phones – it only supports telephone service – a distinction that is important, and something emphasized in a Wireline Competition Bureau Order, released since I was named Acting Chair. Second, this program is a significant benefit to about 14 million families who otherwise could not afford phone service. It connects them to 911, social services, health care providers, and job opportunities.

Without this program, approximately millions of low-income families would have to choose between feeding their children or going without a dial tone that potentially could save their lives, and put them on a better economic path.

During the Bush administration, Lifeline was expanded to include cellphone service, but today, some critics seem to want to relegate Lifeline subscribers, to only a wired service. This does not make any sense. For starters, often it is Lifeline subscribers who are most in need of a mobile connection. To what home

would the phone service of a homeless family be affixed? How is someone between several part-time, low-skilled jobs to communicate with their childcare provider without a mobile phone? How is someone seeking to pick up additional shifts on a work site to be contacted on short-notice without a wireless connection? More than 50 percent of those most likely eligible for the program have cut the cord and are wireless only customers.

Once again making Lifeline a wired-only program is one of the most illogical things I've heard since my appointment and even suggesting this is taking a major step backwards and ignores the critical telecommunications of needy Americans and is out of step with the communications evolution. While it's true that reforms were necessary, it's counter-productive to eliminate support for one technology, thereby abandoning the Commission's commitment to technology neutrality and competition for and among low-income consumers due to some bad actors who didn't respect our rules.

The rest of the American public benefits from mobile engagement, staying connected no matter their location, so why should low-income consumers be any different?

One fair criticism of the Lifeline program in the past was that, after the change to also support mobile service, the program was subject to fraud and abuse. But in 2010, the FCC took action, overhauled and reformed Lifeline, to root out such waste, fraud and abuse, an effort referred to as "a model of entitlement reform" by my friend and former colleague, Republican Commissioner Robert McDowell.

The reforms that I proudly supported, were developed in partnership with the states, and culminated with the Lifeline Reform Order in early 2012. In that Order, the Commission took action to make the program more effective, efficient and accountable. An important part of the Reform Order, was ensuring that everyone knows the rules—both consumers and Lifeline providers. The FCC, along with the states, has done significant outreach on our new rules. We’ve recorded public service announcements, distributed posters, hosted webinars, and traveled to events to educate all stakeholders on the basics of the program. A consumer must be eligible to receive the benefit, Lifeline is limited to one per household, and you must annually recertify your eligibility to remain in the program. I am proud to say, that those reforms are working as intended. Overall, the reforms to the program are on track to save the Universal Service Fund an incredible \$2 billion, by the end of 2014.

But now that we have reformed the program to wring out waste, fraud and abuse, it’s important that we look ahead and remain mindful of the trends. Support for plain old voice service remains necessary, but it's not sufficient. Ensuring all Americans have affordable access to vital communications means ensuring all Americans have affordable access to broadband.

As Congressman John Lewis, a civil rights icon, has said, “Access to the Internet is the civil rights issue of the 21st century.” Consistent with the language and purposes of the Communications Act, the Lifeline Reform Order establishes as a core program goal, ensuring the availability of broadband for low-income Americans. The Commission currently has underway 14 broadband pilot projects, to study broadband adoption and use by low-income populations, to test the potential for expanding Lifeline support to cover broadband services.

Representative Matsui must be commended for her proposal of the Broadband Affordability Act, which would effectively extend Lifeline to broadband. I also wish to thank Representative Matsui for introducing House Resolution 1616, which announces the support of Lifeline Awareness Week.

According to a new survey by Pew, 30 percent of U.S. households still have not adopted wireline broadband at home. By extending the Lifeline program to cover support for broadband services, the digital divide should narrow, allowing for greater job opportunities, better communications with loved ones, including the ability to actually see family members who live far away, expanded educational opportunities (e.g., gives children and adults access to on-line courses), and access to necessary medical care and advice.

Consumer groups and civil and human rights organizations can continue helping to ensure that the Lifeline Program remains a viable low-income consumer benefit program. Informing your constituents about the benefits and importance of Lifeline, as well as the eligibility requirements and how to properly enroll, will go a long way toward making sure those who are eligible for Lifeline receive it. Continuing to work with the Commission and Congressional members is also a key means for helping the program survive attacks. Positive messaging and sharing the stories of your constituents, who have been helped by Lifeline with the public, are also necessary to remind everyone of the wonderful benefits of Lifeline.

Thank you for inviting me to share my thoughts on what remains our priority for advancing both voice and broadband service to all Americans, no matter their location or life situation. And thank you for reasserting your commitment to closing divides during Lifeline Awareness Week 2013.